

**REPORT OF THE
GLOUCESTER COUNTY
BOARD OF EQUALIZATION
2010 SESSION**

MAY 24, 2010

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SECTION I

MEMBERS OF THE BOARD

Name	Occupation	Appointment
Jennifer S. Patterson P.O. Box 1093 Gloucester, VA 23061	Appraiser/Assessor	One year term
Marshall W. Cook, III P.O. Box 334 Hayes, VA 23072	Retail merchant, owner and manager of apartments, real estate investor, farmer	Two year term
William E. Fenstermacher 6710 Muggins Creek Rd. Gloucester, VA 23061	Builder and Construction Project Manager	Three year term
Patricia J. Snyder (Chairman) 6595 Pocahontas Lane Hayes, VA 23072	Real Estate Broker	Three year term
Daniel M. Stuck (Secretary) P.O. Box 858 Gloucester, VA 23061	Lawyer	Three year term

SECTION II
STATISTICAL SECTION

A. Total number of properties reviewed: 1,588

B. Properties reviewed by property classification:

Residential	1215
Commercial	53
Multi-Family	5
Industrial	0
Land Use	309
Exempt	6

C. Number of appeals where values changed:

Reduced	981
Increased	38
Total	1019

D. Changes by property classification:

	<u>Reduced</u>	<u>Increased</u>	<u>Total</u>	<u>Net Value Change</u>
Residential	746	28	774	(\$66,247,220)
Commercial	38	1	39	(\$4,854,200)
Multi-Family	4	0	4	(\$245,600)
Industrial	0	0	0	0
Land Use	188	9	197	(\$16,098,950)
Exempt	5	0	5	(\$219,900)

E. Net Value Change for all properties reviewed: (\$87,665,870)

SECTION III

SUMMARY AND OBSERVATIONS OF THE BOARD

The work of the Board of Equalization began on February 26, 2010 when the Board met to receive the required state training and to organize, elect officers, and establish a meeting schedule. Due to state law advertising requirements, the first day the Board could sit to hear appeals of taxpayers was March 15, 2010. From March 15 to May 4, the Board met on thirty-five days to hear appeals regarding 1,588 parcels. The Board met three additional days in May to approve minutes, to issue orders, to give properties increased as comparables an opportunity for a hearing, and to complete this report. Between March 15 and May 4, the Board averaged 45 cases per day over an eight to nine hour daily meeting schedule. This pace was demanded by the County ordinance based on the needs of the various departments to complete the land book and issue tax bills in time for the June tax billing.

The Board very much appreciates the assignment of two competent staff, Pat Jeffers and Anita Parker, who worked long hours to ensure that the massive amount of paperwork generated by the taxpayer appeals could be managed and completed in a timely fashion for each day's hearings and to meet the required deadlines for issuance of decisions on each case. They both did yeomen's work in answering phone calls from citizens, scheduling and setting up the hearings of the Board and completing the minutes and the orders. The Board also appreciates the presence of the County Assessor or one of his staff during the hearings to provide information and support to the Board. Without the

diligence of the staff and the teamwork of the members of the Board, the Board could not have developed a system to successfully complete the hearing of such a large number of complaints within the deadlines imposed.

During the course of completing the 2010 Re-Assessment, it is obvious that the County has developed a number of very powerful tools that will be useful in the ongoing re-assessment process. The availability of very clear aerial photography, property line overlays and automated valuation models will, over time, greatly improve the accuracy of the assessing process and those tools enabled the Board to review citizen's complaints with ease and to quickly determine the facts involved in each appeal.

The ability to visually examine the properties enabled the Board to conclude, in 85% to 90% of the appeals presented, that there were clear errors in the assessment. Many property owners stated that they had attended the assessor's review hearings, but the information they submitted was either not accepted or not considered and after no change was made or no decision received, their only recourse was to appeal to the Board. Many of the cases that were appealed to the Board would have been resolved if adequate time had been allowed for the assessor's review. The Board strongly feels that real property assessment is a technical process that does not benefit from the involvement of elected officials. The Board believes that the 2010 Re-Assessment suffered from a lack of resources committed to the task, including specifically a lack of sufficient competent staff and a lack of continuity in management. During the course of the review the Board developed a very strong consensus that many more errors in the 2010 Assessment still need to be corrected and can be corrected by the County Assessor as factual and clerical

errors. Due to the sheer number of appeals filed, the Board simply did not have the time to expand its review beyond the cases appealed.

Before listing what, in the Board's opinion, were the primary causes of the appeals filed, we want to mention one specific area that was not a significant cause of appeals. The housing valuation model developed during the course of the re-assessment appeared to consistently value residential structures and there were very few appeals of residential building values. Those appeals that did occur generally resulted from errors in the data entered into the assessment model and were quickly resolved once the correct information was substituted.

The valuations that were appealed to the Board resulted in most cases from of the following issues. The Board believes that attention to these issues will increase the accuracy of future assessments and correspondingly reduce the number of appeals filed:

(A) Errors in data contained in the assessment records of individual properties contributed to a significant number of assessment errors. If the data entered into a computerized assessing model is incorrect, then the assessment will also be incorrect. Errors in information about properties can only be corrected by diligent review of each individual record and, ultimately, a physical visit to verify the data. While aerial photographs and parcel overlays are valuable tools, they cannot completely replace the judgment of a competent assessing official.

(B) Related to data error, and perhaps only by way of additional emphasis, it is very important that all parcels in the county be reviewed by an assessor. The Board heard many cases where a personal review, even if only by examining aerial photographs, would have immediately resolved the appeal.

(C) Valuation models used in the re-assessment process are not yet fully, and perhaps not properly, developed. The sense of the Board is that the attempt to create valuation models resulted in models that are too precise for the task. The number of parameters associated with certain models often produced values that did not seem to be reasonably related to the market. Some examples are:

(1) Many parcels of land that upon review were clearly not home sites were valued by the model as home sites because of size. The highest and best use of these properties was clearly not for residential purposes and in some cases residential use would be impossible. Narrow rights-of-way and strips of land surrounding water bodies were often aggregated by the model and treated as building sites;

(2) The use of the National Inventory Wetlands Overlay and calculation of wetlands acreage based solely on that overlay produced incorrect valuations. The property line data overlaid on the aerial photography is not precise enough, nor is the overlay of the inventory precise enough, to justify classifying certain property as unusable based solely on the wetlands inventory. Many parcels actively farmed or in timber production were designated as wetlands and valued at minimal values. If property is being actively farmed or used for timber production, the valuation of it as unproductive wetland should be questioned.

(3) Waterfront property valuations were partially based on the distance from an estimated water depth overlaid on the aerial photography. Strange jogs in the water depth lines produced adjoining properties with vastly differing values. The Board does not believe these differences would be supported by market data. In addition, no consideration was given to the location of marsh or obstructions to water access located

on the property. For instance, waterfront property with virtually no water access except across marsh was not adjusted in value to differentiate it from property with unobstructed water access. Many properties were assigned waterfront values based on questionable frontage at the head waters of streams.

(4) Commercial land values based on distance from Route 17 did not appear to take into account road frontage, access, and visibility.

(5) Valuations of tilled land and land in forestry production varied throughout the county to an extent the Board does not believe can be explained by the market.

While valuation models can be of great usefulness, it is the Board's belief that much work needs to be done to correct and refine these models before the next re-assessment is completed. The Board believes that consideration should be given to purchasing an existing mass appraisal model that has been time tested by others. The cost of such a purchase should be compared with the true cost of continuing to develop Gloucester specific valuation models.

(D) One issue beyond the control of the county had a great impact on the re-assessment process. The state of the economy and the real estate market at both the local and national level resulted in a lack of arm's length sales to fully develop pricing models. Large fluctuations in property values over the past four years created a difficult environment in which to carry out a general re-assessment. Although it may take some time for the real estate market to return to a degree of normalcy, future assessments should not be impacted to the same degree by this factor.

The Board of Equalization hopes that these observations will be useful to the Board of Supervisors as they act to improve the assessment process for the county. The Board of Equalization believes that a biennial assessment, properly done, will over time result in an assessment for the citizens of the county that is more uniform and more reflective of market value. However, the Board of Equalization believes that two or three additional reassessment cycles will be necessary to resolve the many issues involved. The process established by the County is designed to allow the assessing staff to review and correct most errors without requiring property owners to constantly appeal to a Board of Equalization. The Board believes that as many as 250 appeals could be given proper consideration by a board of equalization during the time period established by the ordinance. The Board feels that it has done as complete and thorough a job as possible under the circumstances. The Board is willing to meet with the Board of Supervisors as necessary to answer any questions which might be raised by this report.

Respectfully submitted,

Patricia J. Snyder, Chairman
Daniel M. Stuck, Secretary
Marshall W. Cook, III
William E. Fenstermacher
Jennifer S. Patterson