

Prince George County Assessor's Office Discussion

April 26th, 2022

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Topics of discussion

- FY 2023 Assessment Update
- Status of Proval to Vision Conversion
- Future Direction

FY23 Assessment Update.

- FY23 reassessment has been completed.
- Assessments notices have been mailed.
- Administrative appeals are ongoing and will end on May 27th, 2022.

Status of Proval to Vision Conversion

- Set up of commercial properties is needed.
- Residential and land properties have been mostly completed.
- Land Use values will have to be manually entered by staff.
- Anticipated switchover from Proval to Vision in the fall of 2022.

Discussion of Future direction of assessor's office.

- In house vs. Third Party.
- Currently there is an Interim Assessor, 2 full time staff, and one part time staff members.
- Openings are Assessor, Senior Appraiser, and Real Estate Technician.
- Total Full Time Employees in Assessor's officer for FY23 proposed budget is 5, plus some part time wages.
- A sixth position is approved but not funded.

Overview

- “The object of mass appraisal is to produce equitable valuations at low costs.”¹
- “An assessment jurisdiction requires a certain expenditure level simply to inventory, list, and value properties.”²
- These costs will be there regardless of who completes the work.
- Beyond this, additional expenditures are to gain and improve accuracy and equity.

Current Additional Expenditures

- Continued Annual Reassessment is recommended in order to maintain equity among the various neighborhoods, property groups, and asset classes within the county.
- County is currently meeting or exceeding standards and requirements.
- Options going forward: implement hybrid administration of the assessment functions where part is done in house and part is done by third party.
- At least some functions would remain in house which will be shown/discussed later.

Advantages of using Third Party contractors.

- “Contractors allow jurisdictions to obtain product at known cost and in a given period of time”³
- “In general, services or products that are relatively standardized can be provided most efficiently by contract.”⁴
- “Complex tasks requiring specialized expertise not available internally can also be suitable for contracting or consulting.”⁵
- Assessment contracts can cover any or all of the assessment functions. There is flexibility. Some items done in house while others are contracted out.

Advantages of using contractors.

- “Widespread implementation of the assessment function allows the contractor to spread some costs to various clients with each client bearing part of the costs instead of the whole” adapted quote.⁶
- Example, commercial/industrial sales research and data can be used in many jurisdictions as the market is often regional or national.
- Contractors experience becomes immediately available to the county. No need to develop talent in house.

Advantages of using contractors.

- “In many cases the products and services (offered by contractors) represent years of research and development and have been tested and proven in other assessment agencies” 7-adapted by Jason Cowan
- You get to “try it before you buy it” by talking to other jurisdictions who have purchased their services. Similar to checking the background of employees.

Disadvantages of using contractors.

- “Contracting for reassessment may lead to dependence upon this service.”⁸
- “Contractors may not fully understand or be properly concerned with local needs.”⁹
- If contractors (or employees) miss the mark, it can be cumbersome, costly, and embarrassing to make necessary corrections.
- “The risk of unsuccessful outcomes rests more heavily on the assessment agency because it is responsible for dictating how and where the work is to be performed”¹⁰

Disadvantages of using contractors.

- If contracts are multi-year, could be stuck with underperforming contractor.
- More people willing to do work as employee than as contractor.
- Only 6 approved contractors in Virginia.
- Contractors may not leave jurisdiction with fully developed and documented workfile. This looks bad in a courtroom setting. This must be addressed in RFP.
- Risk of unsuccessful outcome is mitigated by well written RFP and monitoring of the project.

Cost Considerations

- Likely to cost marginally less to hire contractors.
- Savings may also be available in not paying for retirement and benefits such as health insurance.
- I would defer to HR and Finance people to give better cost analysis as I am unfamiliar with back end employee costs.
- County staff that would remain if 3rd party option is selected are as follows:
 - 1 Appraiser to process building permits, new houses, new parcels, supplemental bills, or assign to 3rd party.
 - 2 Clerical positions to maintain ownership, land records, rezonings, and land use.

Cost Considerations

- The scope of work in the RFP will drive the cost.
- Costs have gone up due to COVID, inflation, labor and gas costs.
- County is currently on a cycle where $\frac{1}{5}$ of the parcels are reviewed for data accuracy annually. This exceeds the standards which are review is required once every 6 years.
- Assuming RFP is written to continue existing cycle where approximately 2,800 parcels are reviewed annually the estimated cost for the valuation function to be completed by a third party is \$120,000 to \$140,000.
- May cost a bit more in the first year if the Vision computer system is not fully functional when contractor begins.

Task or Workflow Item	Clarification of Responsibilities			
	COR	Contractor	Negotiable	County Administration
Maintain Ownership/Deed Review	X			
Plat Review	X			
Update Zoning in computer systems as Parcels are Rezoned	X			
Assign new Values based upon rezoning	*		X	
Assign values on newly created parcels	X			
Process property Splits, Merges, acreage changes	X			
Receive and organize building permits, rezonings, etc	X			
Add new Construction to Tax Rolls/Process Supplements			X	
Complete cyclical property data validation		X		
Assign Taxable Value to Parcels Annually		X		
Supervise RFP, negotiation, award, and contract				X
Supervise the reassessment process.	X			X
Write assessment policy manual		X		
Use assessment policy manual for new construction, merges, acreage changes, etc.	X			
Sales qualification via deed/recording	X			
Sales Auditing via MLS or Field		X	X	
Production of Land Book in CAMA System for printing			X	
Printing of Land Book	X			
Signature on Land Book			X	
Informal Appeals			X	
Clerk to Board of Equalization	X			
Expert Testimony before Board of Equalization			X	
Determine and Review Tax Exempt Status of Property	X			
Administer Land Use Program	X			* Option of Land Use Board

If you decide to use contractors I recommend the following.

- Form a committee to send out RFP and ask for input from State Department of Taxation.
- Have same or similar committee monitor performance during and at completion of the project.
- Follow the guidelines in the IAAO Standards for contracting for reassessment services.
- Approximately two thirds of Virginia Jurisdictions contract out the valuation function of their assessment administration so there are existing RFP's, sample contracts, and performance data on contractors to review.

If you decide to continue with employees, I recommend the following.

- Form a committee to hire the new assessor. Committee should include at least one sitting assessor from another jurisdiction or Department of Taxation Staff member. This is necessary to ask candidates technical questions.
- Advertise in the Assessors magazine to attract candidates from across the nation.
- Assessor should be capable of doing commercial assessment work.
- Engage in public awareness program where Assessor speaks at local civic organizations.

If you decide to use continue with employees, I recommend the following.

- General staffing standard is 1 appraiser for every 5,000 parcels. For Prince George County this equates to 2.5 appraisers.
- Assessor can be doing assessment work approximately 50% of the time. The assesor should complete the commercial assessments and supervise the residential assessments.

Thank you for your service to the citizens.

Are there any questions?

Quotes in this document are from the International Association of Assessing Officers Standards as follows.

Quote 1 : IAAO Standard on Mass Appraisal, July 2017, section 6.5.1, page 13.

Quote 2 : IAAO Standard on Mass Appraisal, July 2017, section 6.5.2, page 13.

Quotes 3-9: IAAO Standard on Contracting for Assessment Services, 2002 and revised in December 2008, Section 2.3, page 5.

Quote 10 : IAAO Standard on Contracting for Assessment Services, April 2019, Appendix A.2, page 13.

The following equity analysis was performed for ██████████ County following their 2019 Reassessment. This jurisdiction has chosen to remain on a 4 year reassessment cycle. The reassessment which went into effect as of 1-1-2019 set the overall countywide assessment level at 95% or higher. The equity analysis was performed using sales from 1-1-2019 until approximately 09-01/2020. The data shows that the overall level of assessment had dropped to about 89% within 1 year and 9 months. The data also shows how portions, segments, or neighborhoods within the county increase and at different levels.

The analysis arrays neighborhoods within the county that had at least 5 sales within the time frame of 1-1-2019 to 09-1-2020. The array goes from the neighborhoods with the lowest assessment level at the top to the highest assessment level at the bottom. There were approximately 38 neighborhoods which are above the line marked on page 2 of the document. These neighborhoods enjoyed a subsidy in that they were assessed at least 5% less than the overall level. Additionally, on page 3 and 4 we see that there are 22 neighborhoods which are below the line. These are assessed at a higher level than the overall level by 5% or more and are shouldering "more than" their fair share of the tax burden. The neighborhoods between the two lines are assessed within 5% of the overall level.

The data indicates inequity within the counties neighborhoods which, if left uncorrected, would remain for 2 more years until the next reassessment. At the extreme the range of the neighborhood's assessment levels varies by 25% or more. Thus indicating significant differences in assessment levels.

This data also shows that upon the equity being restored and each neighborhood/property being set at the proper assessment level there will be differences in how much of an increase each neighborhood/property will require to achieve equity.

You have chosen to perform annual reassessments which is the recommendation of both myself and the IAAO. More frequent reassessments costs the county money but also prevents inequities such as these shown herein from lingering as they are typically corrected upon at the next reassessment.

Equity Analysis of 2019 Reassessment using Neighborhoods with at least 5 sales

Neighborhood Code	Median Ratio	County of Sales
BR240800	0.664285714	17
BR070900	0.702686567	5
BR060400	0.718178468	24
BR220500	0.728366935	12
BR040200	0.742926829	9
BR110100	0.743383334	6
CR030700	0.753289474	5
BR171000	0.757037944	15
BC000000	0.779513889	19
BR080100	0.782058824	27
BR240900	0.786330935	11
BR200400	0.792712136	18
BR060200	0.794827357	14
CR040502	0.795366795	13
BR170800	0.798678364	8
BR210100	0.803880597	21
BR210200	0.808435354	24
BR120300	0.813943191	6
MR327000	0.814039216	18
BR020301	0.814353955	7
BR180600	0.814867257	5
MR324001	0.816376307	7
BR200500	0.818770914	12
MR312001	0.821852899	6
CR040400	0.823571429	5
CR010301	0.824166667	15
BR020400	0.830144928	7
MR324000	0.83081761	25
CR031100	0.831046931	7
CC600000	0.832121212	5
CR032200	0.835146692	8
MR315001	0.836930888	22
BR200300	0.840161169	10
MR312003	0.84471025	15
BR030200	0.845	7
BR070600	0.845105042	6
CR020300	0.84842615	11
BR040600	0.849824561	5
CR030400	0.850666667	9
CR020100	0.850938068	10
BR180700	0.851304348	13
BR110300	0.853906925	6
CR020800	0.854533493	8
CR010800	0.856410256	7
BR240400	0.857297297	7
CR020200	0.857627119	6
BR120400	0.860432773	6
CR010200	0.861071429	49
CR050300	0.861410788	5
CR050700	0.861842105	25

38 Neighborhoods enjoy a subsidy of 5% or more

Neighborhoods above line enjoy subsidy

Shaded area within % 5 of overall assessment level

Equity Analysis of 2019 Reassessment using Neighborhoods with at least 5 sales

Neighborhood Code	Median Ratio	County of Sales
BR240801	0.862089552	5
MR313008	0.862692308	15
CR050201	0.86302424	31
CR020410	0.864416205	11
CR040501	0.864718163	5
BR160200	0.864854369	5
BR150200	0.866541176	18
CR040500	0.868333333	9
BR050200	0.869221053	6
MR346000	0.86984127	29
CR060400	0.870886076	35
CR030300	0.872359754	46
MR315000	0.873113975	14
BR240803	0.873916314	20
MR334000	0.874584718	5
BR030300	0.874909091	9
BR220300	0.876230099	28
CR050200	0.878731444	10
BR170400	0.87918349	6
CR010201	0.879694656	25
CR020500	0.88267185	32
CC300000	0.882738065	12
MR315002	0.883904098	10
BR220200	0.884130982	9
BR020200	0.885050505	15
BR070500	0.885245902	19
MR312002	0.886345053	7
CR031200	0.886585366	5
CR031300	0.887109949	15
CR010401	0.887924528	7
CR060302	0.888174807	7
CR031400	0.889268293	5
BR220600	0.892163009	5
CR040900	0.892727273	10
MR333000	0.892857143	25
MR347000	0.8931657	16
CR060100	0.893529412	9
CR020700	0.894	15
MR332000	0.896	49
CR041400	0.896606045	6
BR200100	0.897113752	7
MR343000	0.897739002	10
MR313000	0.898495989	30
BR170600	0.89893617	13
BR100100	0.900911854	5
MR333010	0.901942502	15
BR060600	0.902815566	8
MR316000	0.90390625	21
CR020600	0.904132788	10
CR030100	0.905454545	23

Shaded area within % 5 of overall assessment level

Line marks overall assessment level

Equity Analysis of 2019 Reassessment using Neighborhoods with at least 5 sales

Neighborhood Code	Median Ratio	County of Sales
CR062000	0.905619048	28
CR030200	0.906289308	11
BR120200	0.907062069	6
MR336000	0.908433735	43
MR342000	0.909722222	11
CR040600	0.911702943	8
CR020403	0.9125	5
MR348000	0.915657439	17
CR041000	0.91569538	6
MR313006	0.915901204	17
MR331000	0.916599598	18
CR020406	0.917253521	21
CR031000	0.918502203	15
CR030900	0.918695652	9
CR080603	0.921081081	15
BR100200	0.921118012	17
CR080602	0.921774194	14
MR333011	0.924143531	12
MR341002	0.92443609	29
MR314000	0.927571984	18
CR050800	0.927989561	10
BRO60100	0.93238414	16
MR332001	0.934130435	14
CR030501	0.934585834	10
BR120100	0.935410117	9
BR200801	0.939657587	28
BR150100	0.941384615	7
BR210300	0.943137255	5
CR032300	0.944777911	5
MR313002	0.944836272	7
MR323000	0.946507937	28
CR031500	0.947337068	6
CR030500	0.949831323	6
CR010100	0.955519894	6
MR331002	0.957857143	10
MR335000	0.959708347	16
MR332002	0.960048453	6
CR040503	0.960878019	12
CR010302	0.963396019	18
MR326000	0.964600887	8
BR140200	0.964842105	17
BR200700	0.966929134	5
MR344000	0.967391304	19
BR030900	0.974584555	9
MR336005	0.9761844	10
MR341000	0.978383393	10
MR312000	0.979166667	29
CR060700	0.97990113	10
CR020411	0.984151041	61
BR030100	0.984259259	9

Shaded area within % 5 of overall assessment level

22 Neighborhoods assessed at higher level than rest of class by 5% or more

Equity Analysis of 2019 Reassessment using Neighborhoods with at least 5 sales

Neighborhood Code	Median Ratio	County of Sales
MR312004	0.987586701	6
BR090100	0.997704918	7
BR030700	1	9
MR348003	1	7
CR031900	1.009421226	6
CR032400	1.055529931	58