

1. The Property Inspection Program, funded through CDBG funds of approximately \$60,000, aims to preserve the integrity and perception of neighborhoods that have high foreclosure rates by identifying and correctly capturing the actual physical characteristics and condition of the foreclosed properties, thereby eliminating comparison of those properties to that of other non-foreclosed property in the neighborhood. The project consists of exterior inspections of approximately 20,000 1-3 family residential properties in 17 assessment neighborhoods and coordination with DNS to integrate their interior inspection data of vacant and boarded property into the property assessment records.

2. The Assessor's Office utilizes 130 assessment districts in its revaluation process. Typically, each assessment district has several sales for each property class each year, allowing the computation of a near-market rate assessment. The depressed real estate market has forced to the Assessor's Office to temporarily combine data from in several districts, as many districts have not seen a single market-rate sale for the past year.

3. The City received Payments in Lieu of Taxes (PILOT) payments of \$346,407.92 in 2009. Two new PILOTs, signed in 2009, will be reflected in the 2010 figures. Both of the new PILOTs are from the UWM Foundation, and represent payments for the two student housing developments on North Avenue.

4. Board of Assessors and the Board of Review appeals have remained at relatively low levels in recent years despite the changes in the real estate market. The Board of Review has 113 cases from 2009 and 246 from 2010 yet to be heard.

Catgry	2009 Actual	2010 Budget	% Change	2011 Proposed	% Change
Total Expenditures	\$4,834,024	\$4,278,246	-11.5%	\$4,665,708	+9.1%
Positions	59	56	-5.1%	56	no change
FTE's (all)	47.85	42.55	-11.1%	42.55	no change

The Assessor's Office is responsible for uniformly and accurately valuing all residential, commercial and personal taxable property in the City as directed by the Wisconsin Constitution's uniformity clause and by state statutes. (The Wisconsin Department of Revenue assesses manufacturing property.) The department performs annual revaluations on approximately 150,000 real estate parcels and 10,000 personal property accounts. Property valuations established by the Assessor's Office are used in calculating the property tax levy, which is the difference between total City expenditures and revenues available from non-property tax sources.

The Assessor's Office also processes appeal of local assessments, which are heard by the Board of Review. In addition, the Assessor's Office determines eligibility for property tax exemptions under state law and provides public information and education about the assessment process, particularly through the Internet.

The 2011 Proposed Budget for the Assessor's Office is \$4,834,024, an increase of 9.1% from the 2010 budgeted amount of \$4,278,246. This increase reflects salary settlements for 2007 through 2009 contracts. The Proposed Budget maintains authorized staffing levels of 56 authorized positions and 42.55 FTEs for the Assessor's Office. By City ordinance, the Board of Review is authorized to have 9 members. However, for the past several years, only 5 positions have been filled. The Proposed Budget provides only \$31,750 for Board of Review member compensation – sufficient funding for five members.

Property Inspection Program: The integrity of the property tax system and also that of local government is largely dependent on the assessor's estimates of market value. These estimates are accomplished by interpreting data on comparable sales to determine the price that a property would sell for in the marketplace on the date of the appraisal. In Wisconsin, that date is January 1 of each year. Accuracy in assessments is dependent on using the correct property data when verifying sales and making valuations. In many city neighborhoods, especially those in the CDBG area, there are a number of properties that have been or will potentially become foreclosed. These foreclosed properties are often vacant, boarded and vandalized. The current recorded property data is often inaccurate as it relates to the condition of those properties.

The Property Inspection Program, funded through CDBG funds, aims to preserve the integrity and perception of neighborhoods that have high foreclosure rates by identifying and correctly capturing the actual physical characteristics and condition of the foreclosed properties thereby eliminating comparison of those properties to that of other non-foreclosed property in the neighborhood. Sales that are foreclosure-related and the properties affected do not establish a reliable basis for developing accurate property values and if used for assessment purposes could result in massive value declines that do not correctly depict the neighborhood's market. Eventually this could generate negative perceptions regarding the entire neighborhood facilitating decline and blight ultimately leading lower owner-occupancy and property abandonment. This

project consists of exterior inspections of all properties in 17 assessment neighborhoods and coordination with DNS to integrate their interior inspection data of vacant and boarded property into the property assessment records. In addition, when appropriate and where permission was granted, it would include interior inspections by assessment department request. Property Inspection Program will assess approximately 20,000 1-3 family residential properties and will cost approximately \$60,000.

2011 Revaluation: The Assessor's Office utilizes 130 assessment districts in its revaluation process. Typically, each assessment district has several sales for each property class each year, allowing the computation of a near-market rate assessment. The depressed real estate market has forced the Assessor's Office to temporarily combine data from several districts, as many districts have not seen a single market-rate sale for the past year. These market conditions will continue to affect the revaluation process and a long-term settling of the market could require changes to present assessment procedures.

Assessment Appeals: The Board of Assessors and the Board of Review hear assessment appeals, affording property owners the opportunity to voice concerns or contest an assessment. In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data to reduce the number of appeals. These efforts have resulted in a significant reduction in appeals since 1988, and appeals have remained at relatively low levels in recent years despite the changes in the real estate market. The Board of Review has 113 cases from 2009 and 246 from 2010 yet to be heard.

Payments in Lieu of Taxes (PILOTs): On December 21, 2004, the Common Council passed File Number 041042, an ordinance creating the "Fair Share Payment in Lieu of Taxes Program" (or "PILOT"). Under this program, which is administered by the Commissioner of Assessments, the City seeks voluntary payments from owners of tax-exempt properties in recognition of the services those properties receive from the City. The Commissioner approaches a property owner about the possibility of making a PILOT whenever the owner applies for property tax exemption or whenever the Department of City Development notifies the Commissioner that the owner has demonstrated intent to expand, improve, replace or acquire a facility. The PILOT ordinance also directs the Commissioner of Assessments to develop, implement and continuously maintain a campaign to create awareness of the PILOT program among current and potential owners of tax-exempt properties. The City received PILOT payments of \$346,407.92 in 2009. Two new PILOTs, signed in 2009, will be reflected in the 2010 figures. Both of the new PILOTs are from the UWM foundation, and represent payments for the two student housing developments on North Avenue.

Assessment Matters in Litigation: The Assessor's Office is currently in litigation in several cases. Significant cases include:

- o The U.S. Oil Case, oil terminals on the northwest side of Milwaukee, is scheduled for oral arguments before the Court of Appeals on November 10. The plaintiff dropped its valuation argument at Circuit Court and is currently pursuing a uniformity argument. Regardless of the outcome of this case, an increased valuation has been set for properties of this type and will be applied in 2011 to all similar properties.

- The City prevailed in Circuit Court in the Valvoline case. The case is currently awaiting a Court of Appeals decision. This decision should be delivered within the next six months.
- The City is waiting for a Court of Appeals decision regarding the Guiffre rental property case. The City lost at Circuit Court and has appealed.
- Educator Credential Evaluators was denied a claim of exemption by the City. The plaintiff is seeking summary judgement.
- The City prevailed in Circuit Court regarding the valuation of billboards. These cases are scheduled to be heard by the Board of Review, but the plaintiffs are attempting to move straight to the Court of Appeals.

to implement a similar program citywide.

The depressed real estate market has forced the Assessor's Office to temporarily combine data from several of the 130 assessment districts, as many districts have not seen a single market-rate sale for the past year. These market conditions will continue to affect the revaluation process and a long-term settling of the market could require changes to present assessment procedures.

Capital Projects

The 2011 Proposed Budget does not include any capital funding for the Assessor's Office.

Issues to Consider

The Property Inspection Program, funded through CDBG funds, should help to preserve the integrity and perception of neighborhoods that have high foreclosure rates by identifying and correctly capturing the actual physical characteristics and condition of the foreclosed properties. However, as the foreclosure crisis is now affecting all parts of the City, it could become necessary