

REVALUATION INFORMATION FOR
JUDICIARY & LEGISLATIVE COMMITTEE
SEPTEMBER 14, 2020

Annual vs multiple year schedule for
Revaluations

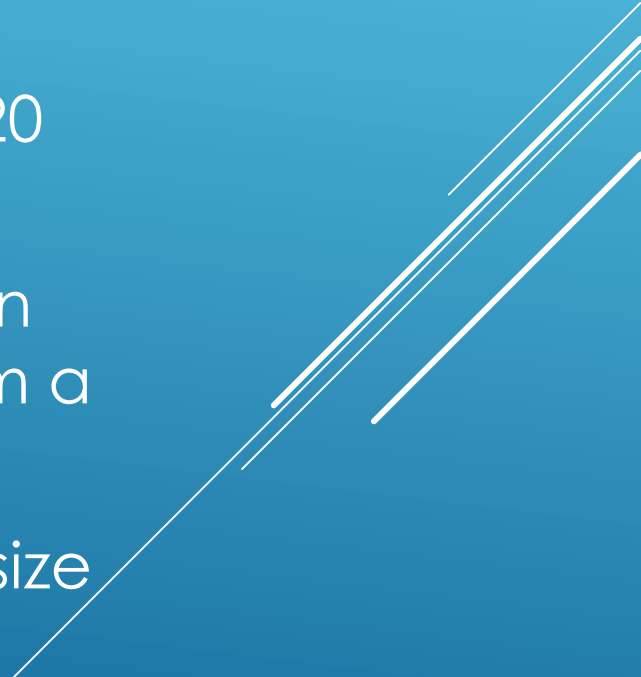
Goals of the Assessor's Office: Accuracy, Professionalism, Equity and Fairness

- ▶ “To best reflect the changes inherent in a dynamic economy and to maximize fairness and ease of understanding, assessments should be based on the current market value of property.”

*International Association of Assessing Officers –
Standard on Property Tax – updated July 2020*

(one of 14 Technical Standards from IAAO)

Why are we talking about this today?

- ▶ The workload involved with processing appeals, along with the other tasks required for an annual revaluation is too much for the current staff
 - ▶ The higher than typical number of appeals in 2020 (5,592 vs 10 year average of 2,322)
 - ▶ Staff members are behind in their non-revaluation work and will not be caught up in time to perform a typical revaluation for 2021
 - ▶ Budget limitations as it relates to increasing staff size
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▶ **Revaluations - What is controlled by the WI Department of Revenue?**

- ▶ Minimum requirements for how often – all classes of property at 100% once within five years
- ▶ Timing of notices, length of time for appeals, Board of Assessor's schedule, Board of Review schedule

▶ Revaluations - What is controlled by the City?

- ▶ How often revaluations are completed
- ▶ Funding level of the office
 - determines the level of service
 - determines staffing and resources

REVALUATION FREQUENCY – MILWAUKEE'S HISTORY


Frequency	Years	Total Staff Size
Every two years	1982, 1984	85, 81
Every four years	1988, 1992, 1996	75, 75, 69
Every two years	1998, 2000	67, 66
Annually	2002 - 2020	65, 47 budgeted & 43 actual
?	2021	43 estimate

How does Milwaukee compare to others in Milwaukee County?

- ▶ Price per parcel: Milwaukee \$26.87
For offices with full time staff, range is \$14.51 to \$48.57

Frequency of Revaluations,
varies between annual, 3-5 years and no set schedule

2021 Considerations

- ▶ The 3 week extension of open book for 2020 reduced the time available for processing appeals
 - ▶ Larger than the average number of appeals in 2020
 - ▶ Expected higher number of Board of Review cases in 2020 & 2021
 - ▶ Significant value changes in particular neighborhoods are continuing
 - ▶ Multiple year value adjustments for property owners when next revaluation is completed
 - ▶ Performing revaluations periodically will cause fluctuations in budget requests
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TYPES OF REVALUATIONS TYPES OF REVALUATIONS PER WI DOR – SEE REVALUATION DESCRIPTIONS FROM WI DOR (NEXT SLIDE)

Revaluation Type	Description
Full Revaluation	Milwaukee currently performs a version of this, without the regular interior inspections
Exterior Revaluation	See chart for details
Interim Market Update	See chart for details
Annual Review / Maintenance	See chart for details

ANNUAL ASSESSOR REQUIREMENTS BY ASSESSMENT TYPE

	Full Revaluations	Exterior Revaluation	Interim Market Update	Annual Review/Maintenance
Appropriate When	PRC outdated or inaccurate, <i>or</i> assessment uniformity is poor, <i>or</i> full revaluation not done in 10 years, <i>or</i> assessment uniformity is poor <i>or</i> reassessment is required per statute 70.75	Most PRC information can be verified by exterior inspection <i>and</i> full revaluation was completed within the past 6-9 years	PRC is deemed reliable <i>and</i> full revaluation completed within past 5 years <i>and</i> assessment level shows unacceptable degree of variance in some neighborhoods or classes	PRC is deemed reliable <i>and</i> revaluation was completed within past 5 years <i>and</i> assessment level during previous assessment year is within acceptable parameters
Real Property Affected	All property	All property	Changes identified in column D PLUS Analysis of problem strata identified from previous assessment year	Annexed properties Change in exemption status Demolitions and fire damage New construction Change in classification Parcels with ongoing construction Change in legal description Change in zoning
Land Study	On-site inspection	On-site inspection	As necessary	As necessary
Inspect Exterior	All buildings	All buildings If no changes, may use digital imaging technology to supplement field re-inspections with a computer-assisted office review	Buildings w/changes	Buildings w/changes
Inspect Interior	All buildings	Buildings with changes	Buildings with changes	Buildings with changes
Building Measurements	Measure all buildings	Measure or verify as needed	Measure or verify as needed	Measure or verify as needed
Photos	All primary buildings	As needed	As needed	As needed
Sketch	All primary buildings	As needed	As needed	As needed
Analyze Neighborhoods, Property Types, and Trends	Required	Required	Required. Results determine whether assessment is full value or aggregate assessment level	Optional
Property Record Card (PRC)	Create new	Update/create new as needed	Update/create new as needed	Update/create new as needed
Review Classifications	Required	Required	Required	Required
Validate Usability of Sales	Required	Required	Required	Required
Verify Sales Attributes (Ch 7 and 9)	Required	Required	Required	Required
Parcels to be Valued	All parcels	All parcels	Parcels with changes	Parcels with changes
Review/Revalue Properties	All parcels	All parcels	Parcels with changes	Parcels with changes
Assessment Level	Full value	Full value	Aggregate assessment level or full value as appropriate	Aggregate assessment
Mail Notice of Change in Asmt	Only if assessment changes	Only if assessment changes	Only if assessment changes	Only if assessment changes
Personal Property Assessment	Required	Required	Required	Required
Add Omitted Property to Roll-70.44	Required	Required	Required	Required
Correct Errors in Roll-70.43	Required	Required	Required	Required
Hold open book / attend BOR (minimum 7 days between open book and BOR-70.47)	Required	Required	Required	Required

A change in color across a row indicates a change in the level of task work required compared to the preceding assessment type

SAVINGS IF CHANGING FROM ANNUAL CYCLE*

- ▶ * Need to change the requirement (file #111645) that requires the Assessor's office to mail an assessment notice to every property owner every year

If this change is made we expect the savings to be approximately \$60,000 for each year that a revaluation is not performed

BENEFITS OF ANNUAL REVALUATIONS

- ▶ Industry-standard (best practice) - improves Equity, Fairness & Accuracy – annual adjustments for neighborhoods (neighborhoods change at different rates)
- ▶ Capturing all available value – benefits Net New Construction – this impacts the tax rate / no ratio reductions for manufacturing properties
- ▶ Market knowledge - Appraisers are focused on understanding market trends and adjusting annually

DRAWBACKS OF ANNUAL REVALUATIONS

- ▶ Not enough time to fully review sales and permits
 - ▶ Regular inspection cycle of all properties is not part of our current workflow – lack of time & staff
 - ▶ Limited time to tackle special valuation projects or common council requests
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BENEFITS OF BIENNIAL REVALUATIONS

- ▶ Appraisers can spend more time focusing on improving value related data because of lack of time. I.e. neighborhood delineations, land value influences, land value studies, etc.
- ▶ Opportunities to focus on data cleansing projects I.e. neighborhood delineations
- ▶ Probably fewer objection in non-revaluation year
- ▶ More time to review all sales
- ▶ Improves accuracy (inventory of properties)
- ▶ More time to investigate unpermitted work
- ▶ More time to create income and expense tables – will create more accuracy
- ▶ Cost reduction

DRAWBACKS OF BIENNIAL REVALUATIONS

- ▶ Less equitable assessments because of not adjusting annually
- ▶ In neighborhoods with rapidly changing values – property owners would pay more or less than they should
- ▶ We could lose the advantage regarding uniformity arguments
- ▶ We would have to train staff regarding uniformity issues in litigation
- ▶ Public reaction to two year changes vs 1 year changes
- ▶ More education about process would be needed
- ▶ Less transparency

RECOMMENDATION

- ▶ It is the position of the Assessor's Office that we should not perform a revaluation in 2021
 - ▶ We suggest revisiting this topic in the fall of 2021 to determine the next revaluation date and if we should transition to a two year revaluation cycle
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