



Athens Systematic Review 2023



What is a Systematic Review?

- A systematic review is an update to assessments to reflect current market conditions.
- All properties in Town will get new assessments, including residential, commercial, vacant, and utility.
- This will be done in accordance with New York State laws and assessing practices, with equitable/fair assessing as the cornerstone.
- The goal of the entire process is equitable assessing among all property owners. The longer assessments go without updates, the more **INEQUITABLE** the assessments become, creating a situation where certain property owners subsidize others. The last time this was done was for the 2013 roll. 3-5 years between projects is normal. 10 years is a long time!

Why do a systematic review?

To make assessments fair:

- Put everyone on equal footing
- Over time, different types of property increase or decrease in value differently.
- Property types include residential, commercial, industrial/utility and vacant land, and over the course of time, all values change at different rates.
- Different types of housing styles, school districts and location can all affect value over time. No one property type appreciates/depreciates the same as another type.

State Equalization Rate System

- The state uses their own calculations to determine “full market value” when a town or city does not do a systematic review for a long period of time.
- This can lead to major distortions among taxing jurisdictions, especially school districts and counties. It also leads to inequity among the individual taxpayers within a town. Only one equalization rate is given by the state, and it’s meant to be an **AVERAGE**.
- By doing this systematic review, we can avoid the potential volatility of the state equalization rate, and also avoid inequality that is present after **years of no review**.
- As of 2022, the equalization rate for the Town of Athens was 81%. That number would certainly be even lower for 2023 without this systematic review process.

What does this systematic review mean for this community?

- Systematic reviews are **NOT** designed to increase overall tax revenues to the school, county, or town. In fact, that **would violate state laws** and statutes.
- A systematic review is done strictly for the purposes of distribution of tax burden fairly. If assessments increase, tax rates should go down proportionally. This is because the tax levy is now being distributed over a broader tax base.
- The assessor doesn't impact the size of the pie; that is up to the voters and elected officials. She just ensures the pie is cut up fairly - that taxes are fairly distributed based on current market values.
- New assessment values will go into effect for the 2023 tax year. For taxation purposes, these numbers will first be reflected in your September, 2023 school tax bill. You will be notified of any changes well in advance.

BASIC EXAMPLE:

- Lets pretend that in 2022, Town A has an equalization rate of 50%. They have a combined taxable assessment amount of \$100,000,000. Therefore, to get to a 100% equalization rate for 2023, the math would be: $\$100,000,000 / 50\% = \$200,000,000$.
- In 2022, lets say the school tax levy was \$2,000,000. Therefore, the school tax rate would be $\$2,000,000 / \$100,000,000 = 2\%$.
- If assessments were raised in 2023 to \$200,000,000, the levy stays approximately where it is at \$2,000,000. Therefore, the school tax rate would be adjusted lower: $\$2,000,000 / \$200,000,000 = 1\%$.
- (There are of course adjustments to the levy the taxing entities produce each year, but generally they are minor and protected under state law.)

BASIC EXAMPLE:

- Lets use the same numbers as before, and pretend that there was a house with an assessment of \$100,000, and an equalization rate of 50%. The full market value calculation and tax info works like this:
- $\$100,000 / 50\%$ equalization rate = \$200,000 Full market value.
 $\$100,000 * 2\%$ school tax rate = \$2000.00
- If during the course of our review, we see that the house in question is now worth \$200,000, that will be the assessment place on it. Now, though, the equalization rate will be 100% since all properties in Town will have gone up. Here would be the new math:
- $\$200,000 / 100\%$ equalization rate = \$200,000 Full market value.
 $\$200,000 * 1\%$ school tax rate = \$2000.00
- **It is crucial to remember that the tax levies do not change because of a systematic review. As always, tax levies are decided by the taxing entity and are subject to review by YOU, the members of the community!**

We need the community's help

- Correct data is essential to this process!
- You will soon receive inventory letters. Please ensure all information is accurate and return to the assessor's office.
- Pay attention to all mailings arriving from the assessor's office. Important information about the systematic review and any changes will be sent via mail.

How does residential property get valued?

- With few exceptions, residential property gets valued via a sales comparison approach.
- Homes that sold in arm's length are considered impartial and therefore constitute usable sales. Over the period of a few years these sales set the "market value", and will be assessed similar to the purchase prices.
- Homes that did not sell over the last few years get compared to those that did (ones that set market value), and a series of statistical analyses are done to best gauge market value of comparable homes in a mass valuation situation.

Objective vs Subjective

- We will use “objective” information for systematic review purposes. Examples are: building style, school district, bedroom and bathroom count, square footage, year built, size of property, among others.
- We shy away from using “subjective” information that in essence, is information open to interpretation or opinion. Examples are: grade, curb appeal, condition etc.

Some data, such as neighborhood locations and similarities, will be factored in as well.

How do we value Commercial Property?

- Most commercial property can be considered “income producing”, and therefore, will get valued via the income approach.
- Examples of such properties include: offices, apartments, retail space, among many others.
- Utility properties get valued via approved methodologies, with specific uses and depreciation value of structures being the main factors.

How do we value Vacant Land?

- Vacant land gets valued by a sales comparison approach based on statistical analyses of comparable sales, as well as trending data provided by NYS regulators to help smooth out volatility in the sales information.
- This is true for both vacant commercial and vacant residential land. Improvements will be factored in as well.
- Some parcels, including “amenity” lots, along with landlocked lots, will have low assessments, depending on the situation.

Our Timing

- Per state regulations, the “valuation date” for the 2023 assessment roll is July 1st, 2022.
- We have already started, and will continue to collect and change data throughout this entire process. Again, please make sure to **return your data mailers as soon as possible** to ensure consistency in the assessment roll.
- In the Fall, we are modeling for the residential, commercial, vacant, and utility properties.
- Towards the end of January, preliminary values will be calculated and uploaded to the system, and soon after, likely the middle to end of February, impact notices will be sent to all taxpayers.
- These numbers will be preliminary, and will be subject to change based on continued data gathering, smoothing, and property owner challenges.

Next Steps

- After the impact notices are received, property owners who disagree with their assessments will be able to file an informal petition with the assessor's office.
- The data for this assessment roll will be based on the condition and state of the property as of March 1st, 2023, also known as "taxable status date".
- On May 1st, 2023, the Town of Athens will release the tentative assessment roll.
- For property owners who still disagree with their assessments, grievance day will be May 23rd, 2023.